

**PUBLIC EMPLOYEES RETIREMENT BOARD**

**Employee Investment Advisory Council**

**100 North Park**

**Helena MT 59601**

**December 21, 2006**

Kathy Samson; Council Chair with the following in attendance, called the meeting to order:

**Council Members:**

Tom Schneider, Labor Organization Representative

Tom Bilodeau, Labor Organization Representative

Robert Bugni, Board of Investments Representative

Paula Stoll, State Employee Representative

Ed Dawes, State Employee Representative

Mary Spaulding, State Employee Representative

Kevin McRae, University System Representative

Ron Alles, Local Government Employee Representative

James Helgeson, Local Government Employee Representatives

Pam Fleisner, School District Employee Representative

Jim Christnacht, Retired Public Employee Representative

**Council Members who were not present:**

Katharine Harris, Local Government Representative

Others in attendance are as follows: MPERA staff: Melanie Symons, Carolyn Miller, Rob Virts, and Joel Thompson.

**HOUSEKEEPING ITEMS**

Ron Alles moved to accept the minutes of the May 10, 2006 EIAC meeting; Kevin McRae made the second. The motion passed unanimously.

**ADMINISTRATIVE AND RECORDKEEPING REQUEST FOR PROPOSAL**

The RFP committee consists of: 3 MPERA staff: Kathy Samson, Rob Virts, and Melanie Symons  
3 EIAC members: Mary Spaulding, Paula Stoll, and Jim Christnacht: 2 PERB members: Terrance Smith and Beth Nedrow. The committee met all summer; released the RFP the beginning of October; and received two responses 11/24/06. Six additional may have been deterred by the request for full disclosure of any revenue sharing arrangements.

The RFP committee spent two weeks reviewing responses and completed the consensus scoring on 12/12/06. Both Citi Street and Great West Retirement Services met the criteria and will interview with the PERB January 11, 2007 to determine the award of the five year contract.

## INVESTMENT CONSULTING REQUEST FOR PROPOSAL

Because the contract with Arnerich & Massena & Associates, Inc. will expire March 31, 2007 and may not be renewed a RFP is required. Over the years we have received other services from Arnerich & Massena on an Ad Hoc basis or as an amendment to the contract. One criteria of these services is the consultant must be independent; no connection to record keeper; administrator; or investment houses.

### Discussion:

- Consultant input into our IPS
- Life cycle funds
- Potential review of past fund decisions to evaluate our selection process
- Inserting into the RFP: Can you review past fund decisions; what value do you think it would offer; and what would it cost?
- Is our IPS giving us what we want
- Incorporating statements into the contract or IPS that identify accountability measure and how we make those decisions
- Funds changing as consultants change
- Inserting self directed options into the RFP document after we know our record keeper

Kathy will draft language to reflect EIAC ideas; keeping it at a higher level; such as a report card to demonstrate our effectiveness and accountability and see how consultants respond. Bob Bugni and Ed Dawes have volunteered to assist with the RFP.

## REVIEW 457 INVESTMENT POLICY STATEMENT'S AMENDED DRAFTS

Minor changes to the December 2006 draft using softer language will be presented to the EIAC at the next meeting. The current IPS Policy and the Draft Policies; along with the EIAC recommendations will go to the PERB at their February 8, 2007 meeting.

## PENDING WORK

- 1) Investment Consulting Request for Proposal

## CLOSING BUSINESS

The next EIAC meeting will be January 23, 2007 at 1:30 p.m. Tom Schneider moved to adjourn the meeting; Mary Spaulding made the second and none opposed. Kathy Samson adjourned the meeting.